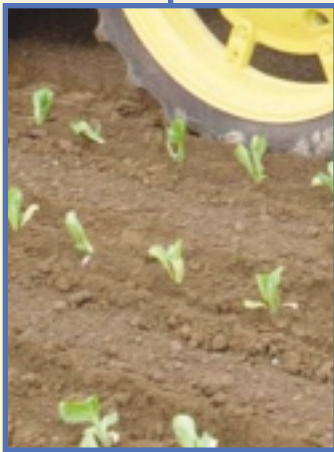


Business Management

SALES AND MARKETING

Cashing in On Your Opportunities All Year

Avenues for finding new customers are everywhere. From Yellow Pages advertising to direct mail, marketing opportunities await those who are creative enough to find them—and smart enough to utilize them. Once you find these opportunities, it is important to know how to use them to their highest potential. Marketing is not an easy part of business management, but learning how to make it work for you will help you cash in.



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Lead Generation

As I travel the country meeting dealers, it is clear that the most successful dealers have an on-going automatic plan for creating leads, but smaller, less successful dealers tend to advertise by impulse.

It All Starts With the Leads

My work with dealers proves to me that success starts with the leads. Having enough leads allows you to attract and keep great salespeople. Nothing increases recruiting results like being able to say, "We provide the leads and appointments." It also increases production. Dealers who provide leads average twice the sales per salesperson as those who do not. The best thing you can do for your company is to lock yourself in a private room for a few hours and plan your marketing plan for the next 12 months. If you decide to do this exercise, here are a few areas you might consider.

How Many Do You Need?

The first thing you need to calculate is how many leads you will need to generate. Let's assume you have or want to have three salespeople who perform two demos per day. That means you will need to

generate six demos per day. I suggest you shoot for nine per day or approximately 180 per month to allow for a 33 percent cancellation rate.

Make It a Buffet

Once you know how many leads you need, you should make the decision to generate them buffet style. Use five or six ways to generate leads consistently. Never rely on one lead source, as lead programs ebb and flow. Have several methods, but don't jump around. Try five or six methods consistently every month.

What It Costs Not to Advertise

If you forget, get too busy or can't afford to advertise, it's time to close your business. Advertising is the life blood of your business. If you cut it off, your business dies. It costs you money not to advertise. For example, let's assume you have a postcard mailing you have devised. Let's further assume it costs you \$0.50 for postage and printing. Finally, let's assume that when you mail 1,000 of these at a cost of \$500.00, you get 10 people (1 percent) to ask for an appointment. Then, you sell half of those people—that's five sales at an average of \$3,000. That

means you made \$15,000 in sales every time you spent \$500 in advertising. It means you make \$15 every time you send a postcard. Once you calculate your return and measure results, you will see that it pays to advertise and it costs you greatly to stop.

How to Make a Marketing Budget

Many small dealers think they are too small to plan their marketing. I believe the smaller the budget, the more you have to plan to be effective. If you have a small budget, you can't afford to make any errors. In my book, *Financial Secrets*, I reveal that average water equipment dealers spend 4.7 percent of sales on advertising. Whether you use that figure or a higher or lower amount, pick a monthly figure you can afford to invest in advertising. I will use an example of a dealer who wishes to spend \$4,000 per month and generate 100 appointments. This means the dealer will invest (\$4,000/100) or \$40 per appointment. This dealer knows he closes 33 percent and makes about \$3,000 per sale. That means he is spending \$40 to generate \$1,000 in sales. (Use Table 1 as an example.)

Cutting Your Cost Per Demo

Once you have leads coming in, you can expect your sales team to do its part to generate sales by getting referrals and calling on neighbors at each appointment. If they generate one lead for each one you invest in them, it will cut your cost per demo in half. You will find that when you have leads to give out, you can expect more and get more from your team.

You Cannot Manage What You Cannot Measure

All marketing plans are based on knowing how many demos you get from each lead

Activity	Monthly Cost	# Demos Generated	Cost Per Demo
Mall Show	\$1,000	20	\$50
Post Card Mailing (1,000)	500	10	50
Penny Saver Insert (1,000)	800	15	53
Yellow Pages	600	20	30
Bottled Drops	400	40	20
Telemarketing	700	20	35
Total	\$4,000	105	
Estimated Cost Per Demo			\$38

About the Author

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Planning an Effective Marketing Program

source, so you know what works and what doesn't. Oddly, few dealers know this for certain. I suggest you record which advertising generated each. Total the answers and you will know the number of demos you get from each lead source. Failure to do this is failure to manage your company. Many clients also say that you get a lot more demos if the owner or a specially trained office person answers the phone instead of salespeople. Salespeople tend to under report and over qualify phone-ins. The only way to control sales is to control the phone-ins. A final tip on this subject is to take action. If your Yellow Pages ad doesn't work, change it or get rid of it. Don't spend money on lead sources that consistently under perform.

Making It Automatic

We all get busy and forget things. Make your advertising automatic so you can't forget it. How do you do that? Plan and book your mall and trade shows a year in advance so you make a commitment you can't change. If you are doing mailings each month, use a printer that also will mail them for you. Then, just provide the printer with the zip codes you want and the number per month to mail. The printer automatically will send them out for you. If you are advertising in your local weekly paper, make a monthly commitment, so it is automatic too. The more automatic you can make your advertising, the more likely you are to stick to your plan. You can't get too busy and forget to do it.

Common Pitfalls of Advertising

Since it already has been established why you need to generate leads, let's

take a look at some of the common pitfalls of advertising.

- **Stinkin' thinkin'.** Some dealers think small. They think advertising is for the big boys and that they will catch up by word of mouth. This is a fallacy. Every business needs to advertise. It is better to

do a good job with a \$500 ad budget than to do nothing at all. Pick a number you can afford to invest and make sure you work it to increase sales.

- **Stop when sales are slow.** Ceasing advertising because sales are slow is like stopping the clock to save time. Make a

Marketing Strategies to Generate Leads

Find out why your customers buy from you.

Survey current customers and ask them why those chose you over others. Their answers may give you ideas on what you need to emphasize as well as who you should be targeting and which marketing avenues you should utilize.

Identify your target market.

Pick your best prospects and focus on them first. Don't waste your time and efforts on people who probably won't buy from you anyway. Target your message to those who will respond.

Be clear and concise.

Avoid the temptation of including as much information as you can fit in your ad, direct mail piece or other marketing media. Your marketing message should be clear and get right to the point. You only have a short time to get the potential customer interested.

Avoid using jargon in your message or advertisement.

Make your message simple enough for anyone to understand. If specific terminology needs to be used, do not make it the main focus of your message.

Avoid talking about yourself.

Make your message about the customer—he wants to know what you can do for him. Identify how he will benefit by contacting you.

Make an outstanding offer.

Create valuable offers and then put a time limit on them such as "Fifty percent off of your purchase until September 17." Make the prospect eager to give you a call by selling the offer ... not the product. In a direct-mail piece or e-mail program, you can offer them "money" (a.k.a. a coupon) to spend on your products.

For more information on this subject, write in 1011 on the reader service card.



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commitment that every month you are in business, you will advertise. If you can't afford to advertise, you really do not have enough capital to be in business.

• **Nothing in it for the customer.** Many ad campaigns fail because there is nothing in it for the customer. Make sure all your advertising copy clearly states the benefits for the customer, not for you. For example, many mailers and ads say things such as "family business for 50 years"—how nice for you, but what is the benefit for your customers? "New York's largest water dealer"—again nice for you, but what is in it for the customer? Remember that your customer is interested only in his own business. Also, make sure a lay person can understand your ad. If you talk about ROs or DI water, realize that your customers probably don't have any idea what this means.

• **No call for action.** Make sure your advertising has a call for action. "Call today for special savings for new home owners, seniors and veterans," or "Call now and we'll pay your water bill this month just for having us out." Also, ask yourself (and maybe ask your customers) what bugs them about people in our industry and then advertise that you are the solution to these irritations. Research has told me that people hate two things most of all when dealing with businesses. First, they hate calling and talking to a machine. Second, they hate waiting for your service people to keep an appointment. If you put in your ad something such as "We answer our phones ... call and speak with a real person today" and "Our service is on time or it's free." These are the things that will generate action from reader.

It's the Number of Impressions That Count

Remember that advertising works based on the number of impressions. Nothing works instantly. For example, a consumer might see your display in a mall and do nothing. Then, they might receive a post card and do nothing but think for a minute that they have heard of you before. Finally, you might bottle-drop or telemarket that customer and get an appointment. You got it because of the number of impressions or repetitions. That is why you need to stick to a plan and keep advertising. Dealers who advertise for a week on the radio and then say it doesn't work have failed to develop enough impressions to make it work.

I hope this will help you to plan your marketing for the year and successfully generate all the leads you need. **WQP**